
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
POLICY SUBCOMMITTEE
OF THE
INVESTMENT COMMITTEE**

MINUTES OF MEETING

June 10, 2005

A meeting of the Policy Subcommittee was held on Friday, June 10, 2005 in the Lincoln Plaza Building, 400 P Street, Room 1140, Sacramento, California.

The meeting was called to order at 3:00 p.m. and the following members were present:

Charles Valdes, Chair
Rosalind Brewer, representing Philip Angelides, Vice Chair
Robert Carlson
Priya Mathur
Toni Symonds, representing Steve Westly

Other attendees:

Michael Schlachter, Wilshire Associates
Nori Gerardo-Lietz, PCA (via phone)
Allan Emkin, PCA (via phone)

AGENDA ITEM 2 – APPROVAL OF THE March 11, 2005 MEETING MINUTES

On **MOTION** by Ms. Symonds, **SECONDED** and **CARRIED** to approve the March 11, 2005 meeting minutes as presented.

AGENDA ITEM 3 – Election of Chair and Vice Chair

The Policy Subcommittee elected Priya Mathur as Chair and Steve Westly as Vice Chair.

Before moving on with the meeting, Anne Stausboll, Assistant Executive Officer, reminded the Subcommittee members of the new protocol for only having one reading of agenda items unless otherwise requested.

EQUITY POLICIES

AGENDA ITEM 4a – Adoption of Developmental Investment Fund

Eric Baggesen, Senior Portfolio Manager, presented the Statement of Investment Policy as a second reading. Michael Schlachter, Wilshire Associates, responded to questions from the Subcommittee members.

On **MOTION** by Ms. Brewer, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the Statement of Investment Policy for Developmental Investment Fund as amended during the meeting.

AGENDA ITEM 4b – Revision of Equity Index Funds – Internally Managed

Eric Baggesen, Senior Portfolio Manager, presented the revised Statement of Investment Policy.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Equity Index Funds – Internally Managed.

AGENDA ITEM 4c – Adoption of Global Equity Sub-Asset Class Allocation Ranges

Mary Cottrill, Senior Portfolio Manager, presented the Statement of Investment Policy.

On **MOTION** by Ms. Symonds, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the Statement of Investment Policy for Global Equity Sub-Asset Class Allocation Ranges.

AGENDA ITEM 4d – Adoption of Corporate Governance Fund Investment Vehicles – Externally Managed and Repeal of Hybrid and Hedge Fund Investment Vehicles – Externally Managed

Bill McGrew, Portfolio Manager, presented the Statement of Investment Policy. Mark Anson, Chief Investment Officer, and Michael Schlachter, Wilshire Associates, responded to questions from the Subcommittee members.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the Statement of Investment Policy for Corporate Governance Fund Investment Vehicles – Externally Managed and Repeal of Hybrid and Hedge Fund Investment Vehicles – Externally Managed as amended at the meeting.

FIXED INCOME POLICIES

AGENDA ITEM 5a – Adoption of Currency Overlay Program

Eric Busay, Portfolio Manager, presented the Statement of Investment Policy which combined external and internal managed policies. Curtis Ishii, Senior Investment Officer, Mark Anson, Chief Investment Officer, and Michael Schlachter, Wilshire Associates, all made additional comments.

On **MOTION** by Ms. Brewer, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the Statement of Investment Policy for Currency Overlay Program as amended at the meeting.

REAL ESTATE POLICIES

AGENDA ITEM 6a – Revision of Responsible Contractor Program

Robert Eberhardt, Portfolio Manager, presented the revised Statement of Investment Policy. Anne Stausboll, Assistant Executive Officer, and Greg Hood, Division Chief, responded to concerns from the Subcommittee members.

On **MOTION** by Ms. Symonds, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Responsible Contractor Program as amended at the meeting.

AGENDA ITEM 6b – Revision of Equity Real Estate

Randy Pottle, Investment Officer, presented the revised Statement of Investment Policy. Nori Gerardo-Lietz, PCA, was available via telephone to respond to any questions from the Subcommittee members. Michael McCook, Senior Investment Officer, and Jane Delfendahl, Investment Officer, made additional comments.

On **MOTION** by Ms. Brewer, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Equity Real Estate.

MISCELLANEOUS INVESTMENT POLICIES

AGENDA ITEM 7a – Revision of Asset Allocation Strategy

Rick Roth, Investment Manager, and Eric Baggesen, Senior Portfolio Manager, presented the revised Statement of Investment Policy as a second reading. Mark Anson, Chief Investment Officer, made additional comments.

On **MOTION** by Ms. Symonds, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Asset Allocation Strategy.

AGENDA ITEM 7b – Adoption of Consultant Conflict of Interest Protocol

Anne Stausboll, Assistant Executive Officer, presented the Consultant Conflict of Interest Protocol as a second reading. Mark Anson, Chief Investment Officer, and Thomas Noguerola, Staff Counsel, responded to questions from the Subcommittee members.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** to recommend to the Investment Committee at its June 13, 2005, meeting approval of the Consultant Conflict of Interest Protocol with a transmittal letter to all consultants.

ADMINISTRATIVE

AGENDA ITEM 8a – Master Glossary Update

Greg Hood, Division Chief, presented an update to the Master Glossary which will be on-line by June 30, 2005.

AGENDA ITEM 8b – Proposed September 2005 Agenda

There were no changes or additions to the proposed September 2005 agenda.

AGENDA ITEM 9 – Public Comment

There were no public comments.

The meeting was adjourned at 4:35 p.m.

The next meeting is scheduled for September 16, 2005 at a time to be determined in Sacramento, California.